

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 590 - SB 869

February 25, 2013

SUMMARY OF BILL: Requires, prior to a municipal annexation, the approval by a majority of potentially-annexed residents in a referendum held in conjunction with the next regularly-scheduled election by the county. Requires the annexing municipality to provide notice by registered mail to all potentially-annexed residents 90 days prior to the referendum.

ESTIMATED FISCAL IMPACT:

Increase Local Expenditures – Exceeds \$1,000*

Other Fiscal Impact – Due to several unknown factors, any change in local government property tax revenue cannot be quantified.

Assumptions:

- According to the Department of State, the Division of Elections, there will be no fiscal impact to the Department as a result of this bill.
- The referendum is to be held in conjunction with the next regularly-scheduled election; therefore, any additional cost associated with the referendum to local government will be not significant.
- The annexing municipality is required to provide notice, by registered mail, to each potentially-annexed resident 90 days prior to the referendum.
- Based on information on the United States Postal Service website, the cost associated with sending notification by registered mail is estimated to be \$11.20 per mailing.
- The number of potentially-annexed residents is unknown; therefore, the number of notifications required to be sent statewide by register mail is unknown. However, the increase in local government expenditures is reasonably estimated to exceed \$1,000 per year statewide.
- Due to several unknown variables, such as the number of municipalities that will desire to annex territory, the extent of property desired to be annexed, the value of any such properties, the extent of subsequent development that would occur on any annexed property, and whether majority vote was to accept annexation, the fiscal impact to local government revenue cannot be determined.

*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "Lucian D. Geise". The signature is fluid and cursive, with the first name "Lucian" written in a larger, more prominent script than the last name "Geise".

Lucian D. Geise, Executive Director

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